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(REVISED)

9 May 1972

MEMORANDUM

SUBJECT : Operating Plan - Planning and Evaluation
Group (PEG)

1. The main functions of the Planning and Evaluation Group

are:

- a) Planning Guidance for the Community
- b) Resource Issue Studies
- c) Requirements Monitoring
- d) Resources Performance
- e) Substantive Impact Statements
- f) External Relations necessary to the above

2. The Planning and Evaluation Group will work closely with the Community Comptroller Group in many phases of the planning, programming and budgeting cycle and with the Product Review Group in assessing the resource impacts of the requirements determined by the PRG to relate to consumer needs. In particular, PEG will look to the Program Teams for support in regard to details of the Community's resource programs and to the PRG for changing needs of policy-level users of the intelligence product. PEG will also work with the Data Support Group in the development of a community resources inventory and for support from CIRIS with data required for planning, for issue studies and for general evaluation purposes.

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PLANNING GUIDANCE:

1. Planning Guidance issued by the Director of Central Intelligence for the Intelligence Community will set forth the Director's views as to the substantive world situation and its implications for intelligence production and resources for the five-year planning period commencing after the current program year. Planning Guidance responds to the charge in NSCID No. 1 to the DCI for "planning, reviewing and evaluating all intelligence activities". The issuance of this guidance is the first event of a program cycle and will influence subsequent stages of the cycle from fiscal guidance through program review to the budget for the first year of the planning period. The National Intelligence Program Memorandum will include the views of the DCI as to the adequacy of the completed intelligence program in meeting the guidance issued a year earlier.

2. Planning Guidance will require numerous contributions from the Director's Community Staff and from the community generally:

a) The changes in the current budget as submitted to Congress and trends and prospects in the current program as it proceeds to the budget stage. Both years precede the start of the

planning period and obviously affect the resources base for that period. PEG will look to the Comptroller Group and the Program Teams for this data;

b) The status of other planning elsewhere in the community. Forward planning for individual agencies and programs is under way throughout the community; those findings, expectations and projected needs must be taken into account in planning for the whole community. This information will be obtained through continuing liaison and discussion by PEG with planning elements in the community at large;

c) An estimate of world trends and situations in the five-year planning period. This is the substantive base for the Director's judgments as to the resources he will need to fulfill his responsibilities in the expected environment two to seven years from the present. The Estimates Staff of ONE has provided such an estimate in the past for CIA planning; it will be requested to do the same for the DCI's community responsibility;

d) A statement of the expected needs of policy-level users of intelligence during the planning period. PEG will look to the PRG to assemble such a statement from its contacts with the NSCIC, with State's policy level through INR and with OSD and the JCS through DIA. Another source of direction will be DCID 1/2 and its annual changes.

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e) Statements of the needs of the intelligence community itself for information, services and resources. One source for such statements will be the Chairmen of certain USIB Committees who can assemble from member organizations anticipated needs in the substantive or requirements fields for which they are responsible. Another source will be senior officers in intelligence production organizations who are aware of the substantive problems they will have to produce intelligence about in the years of the planning period;

f) A detailed understanding of the resources of the intelligence resource programs. This will be acquired from the Program Teams, from specific program element briefings, from authoritative performance evaluation organizations in the community and from continuing contact through the Teams with project officers in the several programs. Resource Issue Studies will also add data to this understanding. It will be essential to maintain contact with R&D trends in intelligence devices and systems through the R&D Officer in the Comptroller Group for impacts and displacements in the planning period. Data about these resources will be stored in the Resources Inventory maintained by the Data Support Group.

3. With these inputs, Planning Guidance will connect an anticipated intelligence environment with the resources required and

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will thus guide resource options and allocations in the programming process. Planning Guidance will suggest areas for resource issue reviews and will prompt reexamination of requirements by the appropriate bodies from USIB to the individual analyst. Under austere fiscal constraints, both resources and requirements will need to be reviewed; the DCI's Planning Guidance provides a framework for such reexamination.

4. The Director may wish to ask the NSCIC, IRAC and USIB for their views on the implications of his guidance on matters of concern to them from substantive production to resource termination or development. When issued, however, Planning Guidance will be the Director's paper from which the ultimate considerations of the National Intelligence Program Memoranda will evolve. It will state the DCI's desired objectives and directions for the evolution of the intelligence community and will form the backdrop for certain aspects of the work of USIB and IRAC.

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A LONG-TERM STRATEGY

1. A long-term intelligence strategy is needed to give continuity and consistency to a series of Planning Guidance issuances by setting down the broad directions toward which the community should move year by year. The Systems Analysis Staff in PEG will produce such a strategy paper.
2. The objective of a long-term strategy is to optimize the use of the total of intelligence resources and to specify feasible paths to that end. It will incorporate structured and valued requirements, the capabilities and costs of resources, the characteristics of anticipated environments, realistic constraints on rates of change and a scorekeeping system to measure effectiveness of the various elements of the community. Through the use of systems analytic techniques, a series of best mixes and options can be presented to be selected for incorporation in the annual Planning Guidance. The end product of this effort will be a presentation of optimum resource allocations for alternative budgetary levels for points in time in the future and the sequences of decisions by which those levels can be reached for the several intelligence programs.
3. Generation of this long-term strategy will require all the inputs needed for Planning Guidance and the results of a scorekeeping system used by the analytic community as well. It is this scorekeeping which will enable successive improvements in the

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strategy and increasing precision and realism in the Planning Guidance. A wide-ranging network of contacts throughout the community, especially with production elements through the cooperation of PRG, will be necessary in order to ensure the accuracy of values on requirements and judgments on resource performance.

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RESOURCE ISSUE STUDIES

1. Resource issue studies will be one means by which the DCI fulfills the charge in NSCID No. 1 of "...evaluating all intelligence activities and the allocation of all intelligence resources".

2. The issues themselves can arise as detailed examinations of the steps by which community activities are adjusted to the DCI's Planning Guidance. They may develop from choices to be made in program reviews or in response to fiscal reductions by OMB or the Congress. They may be required to determine the effects of new systems or processes coming into operation or of old systems being terminated or reduced. They may emerge as part of the planning or strategy process as various options for mixes of resources develop and need examination in detail.

3. The criteria for a resource issue study by the IC Staff should be the possibility that the study will contribute to cross-program choices in resource allocations; to CDIP Review choices if identified early enough in the cycle; to increasing a cost/benefit ratio in the operation of a program or program element; to the DCI's National Intelligence Program Memorandum; or to Planning Guidance and long-term strategy.

4. Some issue studies will require direct DCI or IRAC sponsorship. Some can be launched on the initiative of the DCI's

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Community Staff or the D/DCI/IC. Some can be proposed by USIB and its Committees. Some can be suggested by the Program Teams as they see problems arising in their programs at various stages in the program cycle. Some may be raised by production organizations as a result of a loss of information or an inability to acquire necessary information for intelligence production on an important subject.

5. The responsibility of PEG in connection with resource issue studies will generally be to ensure that the studies, once decided upon, are done satisfactorily and include all appropriate expertise. In some cases, PEG would chair the study group and participate in all stages of the study. In other cases, PEG might participate as the DCI's representative on a group headed by some other activity. In still others, PEG might limit its part to monitoring the progress of the study and reviewing the product for its usefulness to the IC Staff, to IRAC or to Planning Guidance.

6. An up-to-date and comprehensive Resource Study Inventory, maintained under the auspices of IRAC and recording all past and current resource examinations, will be an essential support to PEG's role in resource issue studies.

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REQUIREMENTS MONITORING

1. The purpose of this function is to respond to the charge in the President's Directive for the DCI to reconcile intelligence requirements and priorities with budgetary constraints. Handling requirements is performed by a number of organizations in the community. In most cases, however, requirements are dealt with quite apart from their resource implications, and in most cases the tendency is to add new requirements rather than delete older, already satisfied or no longer pertinent ones.

2. PEG, working closely with PRG, should maintain a general overview of the community's principal requirements, with particular attention to the resources associated with them. Some point is needed in the Community Staff where requirements and resources can be put together and evaluated as to interrelationships and effectiveness, with the assistance of the Program Teams and, through PRG, the user community. This function is clearly a prime requisite for judging substantive impacts of resource change proposals and for assisting PRG in determining how the community is responding to policy-makers' needs.

3. Another important part of this function will be to ensure that the driving requirements of the community relate to the DCI's Planning Guidance, particularly the section forecasting the objective

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world environment of the planning period. Likewise, the relationship of the DCID 1/2 to extant requirements needs to be policed. PEG and PRG are unable to do this job by themselves. What is needed is to monitor the requirements "jungle" and to draw appropriate attention to where requirements are out of line with national planning, needs, priorities and the ability or availability of resources to satisfy them.

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RESOURCES PERFORMANCE

1. This function is the assembly of an essential basic data pool necessary to the other functions of PEG and the Comptroller Group. It may help PRG as well. It is basically an outgrowth of the Capabilities Inventory proposed as part of the NIPE System--a compilation of resource data to be maintained and updated with the help of the Data Support Group.

2. Under present plans, CIRIS will contain essential first-level data on resources keyed to the Reporting Entity System used for other CIRIS purposes. The computer information will be supplemented by a document library, similarly keyed, which will contain hard copy documents--technical specifications, productivity evaluations, operating authorities, experts to consult and whatever other documentary material becomes available on the given resource. It is not intended that this resources inventory be an exhaustive, totally complete compilation. Rather, it is to serve as the first point of entry into the understanding of a resource in fairly general terms. Perhaps one of its most useful items of information would be the identity, location and phone number of the best people to contact for a full and up-to-date fill-in on what and how a resource is doing.

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3. While the Resource Inventory will concentrate in the beginning on collection resources, it could expand later into the processing and production fields. The PRG study on Production Resources is a good beginning in this direction. The ultimate nature and content of the Resources Inventory will be determined by the need for it by various elements of the IC Staff. Much will depend on the Program Teams and their willingness to provide data and up-date material. It may prove at a later stage to be unnecessary, replaced by the completeness of the Program Teams' files and knowledge.

4. The performance assessment part of this function is much more complicated than the compilation of objective descriptive data about a resource. These assessments will vary greatly in form, comprehensiveness and objectivity depending on their sources and original purposes. Some will be derived from Resource Issue Studies, some from scorekeeping associated with long-term strategy and Planning Guidance, some will be by-products of the work of Program Teams, some will come out of USIB Committees, and some will arise from analyst queries or complaints over changes in the information needed to maintain production. It will be PEG's role to marshal these assessments, prompt new ones, update older ones and generally maintain them as the underpinnings of the evaluation function

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of PEG. Over time, the availability of these assessments and their integration by systems analysis across program lines should make the production of DCI substantive impact statements on resource options prompter in delivery and more authoritative in backing.

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SUBSTANTIVE IMPACT STATEMENTS

1. Substantive impact statements have been up to now the main means by which the DCI has influenced Defense resource allocations and reductions in the CDIP Review process. They will assume greater importance in the light of the Presidential Directive and NSCID No. 1. While the principal substantive impact statement by the DCI will be in the form of the National Intelligence Program Memorandum at the end of the program cycle, there will be needs for the DCI's views on choices among options at earlier steps in the cycle, particularly in the CDIP Review.

2. It can be expected that the whole IC Staff will be involved in one or another way in producing substantive impact statements. A number will be made on the spot by the Program Teams involved in the review exercise. PRG may be drawn in as resource changes may affect product improvements desired by NSCIC. PEG's contribution may be indirect, the results of a series of resource issue studies during the year or the implications and general directions for a program or part of one derived from the Planning Guidance and the underlying long-term strategy. PEG could assist more directly through its contacts with USIB Committees and production offices in obtaining their judgments where time permitted. Experience indicates

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that the pace of the CDIP review and the full-time involvement in it by the Program Teams makes a point of reference at Langley a useful service which PEG could provide or assist in. Much will depend on the procedures of the CDIP Review itself, and the IC Staff and PEG should be prepared to be flexible in response.

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